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1 1. Alliance admits that AGI purports to base its cause
2 of action under the Patent Laws of the United States, in particular
3 35 U.S.C. §§ 271, 281, 283, 284, and 285, and admits that this
4 Court has jurisdiction over the subject matter of this litigation
5 under 28 U.S.C. §§ 1331 and 1338(a). Alliance denies that this
6 action properly arises under the Patent Laws.

7 2. Alliance denies the allegations of paragraph 2 of
8 the Complaint, except Alliance admits that Alliance transacts
9 business in this judicial district, has its principal place of
10 business in this judicial district, and is incorporated under the
11 laws of Nevada.

12 3. Alliance denies the allegations of paragraph 3 of
13 the Complaint, except admits that it resides in this judicial
14 district and has an established place of business in this judicial
15 district.

16 4. Alliance is without knowledge or information
17 sufficient to form a belief as to the truth of the allegations in
18 paragraph 4 of the Complaint and, therefore, denies those
19 allegations.

20 5. Alliance admits the allegations of paragraph 5 of
21 the Complaint.

22 6. Alliance denies the allegations of paragraph 6 of
23 the Complaint, except admits that Bally Gaming Inc., doing business
24 as Bally Gaming and Systems (through intermediate holding
25 companies), is an Alliance subsidiary and that Bally Gaming, Inc.
26 designs, manufactures, and distributes casino gaming devices.

1 7. Alliance denies the allegations of paragraph 7 of
2 the Complaint, except admits that Bally Gaming and Systems has
3 offered for sale a gaming machine known as "Multi-Play Poker."

4 8. Alliance repeats and realleges its responses to
5 paragraphs 1 to 7 of the Complaint as though fully set forth herein
6 for its response to paragraph 8 of the Complaint.

7 9. Alliance admits that a copy of U.S. Patent
8 No. 5,823,873 ("the '873 patent"), entitled Method of Playing
9 Electronic Video Poker Games, is attached to the Complaint. Except
10 as so admitted, Alliance is without knowledge or information
11 sufficient to form a belief as to the truth of the remaining
12 allegations in paragraph 9 of the Complaint and, therefore, denies
13 those allegations.

14 10. Alliance denies the allegations in paragraph 10 of
15 the Complaint.

16 11. Alliance denies the allegations in paragraph 11 of
17 the Complaint.

18 12. Alliance denies the allegations in paragraph 12 of
19 the Complaint.

20 13. Alliance denies the allegations in paragraph 13 of
21 the Complaint.

22 14. Alliance denies the allegations in paragraph 14 of
23 the Complaint.

24 15. Alliance denies the allegations in paragraph 15 of
25 the Complaint.

26 16. Alliance denies the allegations in paragraph 16 of
27 the Complaint, except admits that AGI notified Alliance of the '873
28 patent.

1 17. Alliance denies the allegations in paragraph 17 of
2 the Complaint.

3 18. Alliance denies the allegations in paragraph 18 of
4 the Complaint.

5 19. Alliance denies the allegations in paragraph 19 of
6 the Complaint.

7 20. Alliance repeats and realleges its responses to
8 paragraphs 1 to 7 of the Complaint as though fully set forth herein
9 for its response to paragraph 20 of the Complaint.

10 21. Alliance admits that a copy of U.S. Patent
11 No. 6,007,066 ("the '066 patent"), entitled Electronic Video Poker
12 Games, was attached to the Complaint. Except as so admitted,
13 Alliance is without knowledge or information sufficient to form a
14 belief as to the truth of the remaining allegations in paragraph 21
15 of the Complaint and, therefore, denies those allegations.

16 22. Alliance denies the allegations in paragraph 22 of
17 the Complaint.

18 23. Alliance denies the allegations in paragraph 23 of
19 the Complaint.

20 24. Alliance denies the allegations in paragraph 24 of
21 the Complaint.

22 25. Alliance denies the allegations in paragraph 25 of
23 the Complaint.

24 26. Alliance denies the allegations in paragraph 26 of
25 the Complaint.

26 27. Alliance denies the allegations in paragraph 27 of
27 the Complaint.

1 28. Alliance denies the allegations of paragraph 28 of
2 the Complaint, except admits that AGI notified Alliance of the '066
3 patent.

4 29. Alliance denies the allegations in paragraph 29 of
5 the Complaint.

6 30. Alliance denies the allegations in paragraph 30 of
7 the Complaint.

8 31. Alliance denies the allegations in paragraph 31 of
9 the Complaint.

10 FIRST AFFIRMATIVE DEFENSE

11 32. The Complaint, and each count or cause of action
12 thereof, fails to state a cause of action upon which relief may be
13 granted.

14 SECOND AFFIRMATIVE DEFENSE

15 33. Alliance has not infringed and is not infringing the
16 claims of either the '873 patent or the '066 patent (collectively,
17 "the patents in suit").

18 THIRD AFFIRMATIVE DEFENSE

19 34. The patents in suit are invalid for failure to
20 comply with the requirements of Part II of Title 35 of the United
21 States Code including, inter alia, the requirement of 35 U.S.C.
22 § 102, § 103, and § 112.

23 FOURTH AFFIRMATIVE DEFENSE

24 35. By reason of proceedings before the U.S. Patent and
25 Trademark Office during prosecution of the applications which
26 resulted in the issuance of the patents in suit, including
27 amendments of claims and arguments and other statements made during
28 prosecution by and on behalf of the patentee, AGI is estopped to

1 assert that Alliance has infringed or is infringing the patents in
2 suit.

3 WHEREFORE, Alliance respectfully requests that this Court
4 grant a judgment for Alliance and against AGI which provides the
5 following:

6 A. That AGI takes nothing by reason of its Complaint,
7 and that all counts and causes of action alleged therein are
8 dismissed with prejudice;

9 B. That the claims of the patents in suit are declared
10 invalid and not infringed by Alliance;

11 C. That this case is declared exceptional under
12 35 U.S.C. § 285 and that Alliance therefore is awarded its
13 reasonable attorneys' fees and expenses; and

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1 D. That Alliance is awarded such other and further
2 relief as the Court deems just and proper.

3 Dated: October 29, 2001

JONES VARGAS

4
5 By: 

6 PATRICK A. ROSE

7 KIRK B. LENHARD
8 3773 Howard Hughes Parkway,
9 Third Floor South
10 Las Vegas, Nevada 89109
11 Tel: 702-734-2220
12 Fax: 702-737-7705

13 -and for-

14 HENRY J. SILBERBERG
15 BROWN RAYSMAN MILLSTEIN FELDER
16 & STEINER LLP
17 1880 Century Park East
18 Suite 711
19 Los Angeles, Ca 90067
20 Tel: 310-712-8300
21 Fax: 310-712-8383

22 DAVID A. LOEWENSTEIN
23 BROWN RAYSMAN MILLSTEIN FELDER
24 & STEINER LLP
25 900 Third Avenue
26 New York, NY 10022
27 Tel: 212-895-2000
28 Fax: 212-895-2900

Attorneys for Defendant
ALLIANCE GAMING CORP.

JURY TRIAL DEMAND

Defendant Alliance Gaming Corporation hereby demands a trial by jury on all issues triable by jury in this action.

Dated: October 29, 2001

JONES VARGAS

By:



PATRICK A. ROSE

KIRK B. LENHARD
3773 Howard Hughes Parkway,
Third Floor South
Las Vegas, Nevada 89109
Tel: 702-734-2220
Fax: 702-737-7705

-and for-

HENRY J. SILBERBERG
BROWN RAYSMAN MILLSTEIN FELDER
& STEINER LLP
1880 Century Park East
Suite 711
Los Angeles, Ca 90067
Tel: 310-712-8300
Fax: 310-712-8383

DAVID A. LOEWENSTEIN
BROWN RAYSMAN MILLSTEIN FELDER
& STEINER LLP
900 Third Avenue
New York, NY 10022
Tel: 212-895-2000
Fax: 212-895-2900

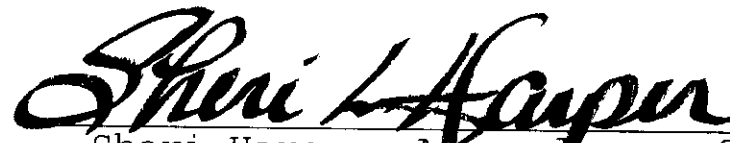
Attorneys for Defendant
ALLIANCE GAMING CORP.

CERTIFICATE OF MAILING

I certify that on October 29th, 2001, I served a copy of
the foregoing DEFENDANT'S ANSWER AND JURY TRIAL DEMAND on plaintiff
AGI, Inc. via first class mail as follows:

Robert G. Krupka, P.C.
Barry F. Irwin
C. Graham Gerset
Karen J. Nelson
KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, IL 60601

Richard J. Pocker
DICKERSON, DICKERSON,
CONSUL, AND POCKER
777 North Rainbow Blvd.
Suite 350
Las Vegas, NV 89107


Sheri Harper, An employee of
JONES VARGAS